

## Unemployment Insurance Program Rates for 2009

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The rate schedule for each calendar year is based on the Unemployment Insurance Trust Fund balance as of October 31, divided by the total wages paid to all employees covered under Unemployment Insurance for the previous fiscal year. The resulting ratio determines which of the eleven schedules will be in effect for the year. Schedule I, the lowest rate schedule, will be in effect for 2009.

Each employer is assigned a contribution rate based on their reserve ratio, which is contributions paid minus benefits charged since October 1, 1981, divided by average annual taxable payroll for the prior three fiscal years ending September 30. All employers are arranged from the highest positive reserve ratio to the highest negative reserve ratio. The highest positive reserve ratio is assigned the lowest contribution rate. The rate class that the reserve ratio falls into determines individual rates.

The 2009 Reserve Ratios assigned to each rate class are as follows. In addition to the contribution rate, an Administrative Fund Tax (AFT) of 0.13% or 0.18% (depending on employer's rate class) is assigned to each employer. The total rate is the contribution rate plus the AFT rate.

### Eligible Employers

Positive Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
0.145409 to 999.999999	Eligible 1	0.00%	+0.13%	= 0.13%
0.127307 to 0.145408	Eligible 2	0.00	+0.13	= 0.13
0.118877 to 0.127306	Eligible 3	0.02	+0.18	= 0.20
0.111669 to 0.118876	Eligible 4	0.22	+0.18	= 0.40
0.105040 to 0.111668	Eligible 5	0.42	+0.18	= 0.60
0.098055 to 0.105039	Eligible 6	0.62	+0.18	= 0.80
0.088867 to 0.098054	Eligible 7	0.82	+0.18	= 1.00
0.072920 to 0.088866	Eligible 8	1.02	+0.18	= 1.20
0.050267 to 0.072919	Eligible 9	1.22	+0.18	= 1.40
0.000000 to 0.050266	Eligible 10	1.42	+0.18	= 1.60

### Deficit Employers

Negative Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
-0.000001 to -0.006208	Deficit 1	2.92%	+0.18%	= 3.10%
-0.006209 to -0.011246	Deficit 2	3.12	+0.18	= 3.30
-0.011247 to -0.022439	Deficit 3	3.32	+0.18	= 3.50
-0.022440 to -0.035875	Deficit 4	3.52	+0.18	= 3.70
-0.035876 to -0.067762	Deficit 5	3.72	+0.18	= 3.90
-0.067763 to -0.106732	Deficit 6	3.92	+0.18	= 4.10
-0.106733 to -0.174479	Deficit 7	4.12	+0.18	= 4.30
-0.174480 to -0.293227	Deficit 8	4.32	+0.18	= 4.50
-0.293228 to -0.422067	Deficit 9	4.52	+0.18	= 4.70
-0.422068 to -999.999999	Deficit 10	6.12	+0.18	= 6.30

### **The Taxable Wage Base for 2009 is \$25,100**

The taxable wage base for 2009 is 80% of the 2007 average annual wage in Montana. All experience rated employers have the same taxable wage base.

### **Frequently Asked Questions**

The most commonly asked question by employers after receiving an Unemployment Insurance Contribution Rate Notice is:

*Q: Why did my tax rate go up?*

There are several reasons why the rate may go up. The three most common reasons are:

- an increase in benefit charges;
- an increase in your taxable wages from one year to the next. This may cause your reserve ratio to go down. A decrease in your reserve ratio will usually cause your rate to go up;
- converting/changing from a new employer to an experience-rated employer.

The rate may go up as a result of one or a combination of the above.

*Q: Comparing the contribution rates and the AFT rates from last year to this year, why are there now two zero rated employer classes and different Administrative Fund Tax (AFT) rates?*

A: In the 2007 legislative session, House Bill 790 provided a change in the UI contribution rates and the Administrative Fund Tax (AFT). The UI Contribution Rates decreased by 0.25% (except for those where the rate would drop below zero) and the AFT rate increased by 0.05% for all employers (except those with a zero rate). The result is a net tax decrease.